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TO : Chief of Station

FROM :

SUBJECT: Financial Property Accounting Procedure

1. Purpose of Visit

As part of the Headquarters program to simplify financial property accounting procedures, visits are being made to each station or base maintaining such procedures for the purpose of studying the procedures and operations in order to identify problem areas and areas in which further simplifications can be made.

2. Background and Purposes of Financial Property Accounting Procedure

- a. Government-wide policy for improvement of financial management contemplates that as soon as practicable the budgets of all Governmental Agencies shall be developed on a cost basis rather than based upon obligations and expenditures as at present. This change was recommended by two "Hoover Commissions" established to review overall Government operations and is now mandatory for application in all Governmental Agencies as soon as practicable based upon Public Law 863 enacted in August 1956. This Law also requires as one of the bases for cost budgeting that each Governmental Agency establish as soon as practicable "adequate monetary property accounting" integrated with its regular financial accounts.
- b. KUBARK headquarters, in recognition of the need to improve financial management in the Organization, commenced in 1952 the establishment of monetary property accounting designed to accomplish the following major objectives:
 - (1) To state materiel requirements and property inventories in a common denominator (the U.S. Dollar) for purposes of planning and budgeting to support operations.
 - (2) To provide cost data on materiel usage by operational projects and other activities.
 - (3) To provide bases for controlling property issues within approved authorizations.

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- (4) To improve control over Organization assets by establishing monetary accounts covering property on hand and in use.
- (5) To provide a firm basis for audit of Organization property transactions.
- (6) To provide a basis for requesting authority to implement an Organization stock fund.

The procedures established for financial property accounting at field installations on a manual basis were first installed as of 1 October 1955 in the EE area and as of 1 April 1956 in the FE area. Based upon operations of such procedures to date, Headquarters recognizes the need for adopting simplifications in order to reduce to the minimum the workload required by the financial property accounting procedures at field installations and still accomplish the above objectives.

3. Headquarters Action to Simplify Procedures

- a. Based upon recommendations from field areas and visits by Headquarters personnel to the field, the following listed simplifications have been authorized:
 - (1) The exemption of certain categories of property from application of financial property accounting procedures.
 - (2) Elimination of the "In Transit" account by establishing control at headquarters instead of in the field over shipments to and from headquarters and between field locations.
 - (3) Use of fixed unit prices based upon local acquisition costs for all property acquired locally; establishment of unit prices in whole cents instead of mills as heretofore; and elimination of changes in fixed unit prices for minor changes in catalog prices or acquisition costs.
 - (4) Permission to write-off minor unreconciled differences (not to exceed \$100.00 in each material group for each reconciliation) between financial property accounts and the extended values of the stock record cards.
 - (5) Reduction in number of items of nonexpendable property.

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4. Findings and Accomplishments

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- a. We found that the FPA procedures are functioning more effectively at the [] than at any other location in the Far East. This is particularly significant in view of the short time the procedures have been in operation at the Station (since 1 October 1956) and the extensive efforts being made by the Logistics Office to re-establish on its accountable records substantial amounts of material which heretofore had been dropped from accountable records.
- b. The Station has made the required reconciliations each month of the stock record cards representing property on hand with the related financial property accounts. Although the stock record cards representing property in use have not been reconciled with the related financial property accounts we have been assured that this matter will receive attention as soon as the Station completes its present program of picking up on its accountable records the material which heretofore has been dropped therefrom.
- c. The Station has already adopted or is in process of adopting the simplifications in the FPA procedures authorized by Headquarters.
- d. We reviewed and discussed the procedures and operations with interested Station personnel. Technical guidance was provided on numerous minor questions relating to the prescribed procedures. In the interest of further simplification we also discussed with them the feasibility of exempting certain additional categories of property having small unit values from application under the procedures, subject to further review and study at Headquarters. In addition, based upon discussion at the Station, it was concluded that, in order to permit the identification of all feasible costs directly against the allotments of the using projects or other elements, the cost of property procured locally for cash and issued immediately to operational projects or other elements will be charged directly to the allotments of such activities instead of as heretofore to the FE procurement allotment.
- e. Based upon our visit here and our visits to other stations, we have developed proposed revisions [] relating to FPA procedures []. This work will serve as a basis for clarifying the instructional material by providing more specific provisions in the Handbook as to the methods to be followed in handling various types of transactions and in the preparation of required reports.

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5. General

We wish to express our appreciation to the Station for the cooperation accorded us in accomplishing the purpose of our visit. All personnel contacted by us were most helpful in providing us with necessary information and recommending changes to improve the FPA procedures.

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TAB B

VIA AIR

DISPATCH NO. 25X1A

27 February 1957

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TO : Chief of Logistics Section
Station INFO:
FROM :
SUBJECT: General - Finance

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Specific- Summary Report of Visit to Base re
Financial Property Accounting Procedures

1. Purpose of Visit

As part of the Headquarters program to simplify financial property accounting procedures, visits are being made to each station or base maintaining such procedures for the purpose of studying the procedures and operations in order to identify problem areas and areas in which further simplifications can be made.

2. Background and Purposes of Financial Property Accounting Procedure

Same as Tab A.

3. Headquarters Action to Simplify Procedures

Same as Tab A.

4. Findings and Accomplishments

- a. The Base is currently recording all property transactions in accordance with prescribed FPA procedures and the required monthly reports are being prepared and transmitted to Headquarters. The Base has a larger volume of property transactions than any other location maintaining FPA procedures in the Far East (approximately 1,700 per month). Personnel in both the Logistics and Finance Offices responsible for the detailed operations have a good understanding of the procedures. We discussed with them the implementation of the simplifications (paragraph 3a above) authorized by Headquarters which it was agreed would be adopted immediately.

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- b. The required reconciliations of stock record cards with the related financial property accounts had not been made since 30 June 1956. This matter was discussed and arrangements were made for Joseph [redacted] to assist the Base in completing the reconciliation of all material groups of property on hand as of the end of January 1957.

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- c. At meetings held with Base personnel, the detailed operations of the FPA procedures were discussed. It was concluded that all

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[redacted]

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credit procurements inasmuch as charges are not made by [redacted] to KUBARK advances until certifications thereof are made at the end of each month.

- d. In a meeting with Communications representatives we discussed the possibility of exempting certain additional categories of property having small unit values from the FPA procedures (e.g., resistors, connectors, capacitors, tubes) subject to further review and study at Headquarters. It was estimated that by exempting all items costing \$10.00 or less of the four categories mentioned approximately 2,200 of the 3,800 communications stock record cards would be eliminated from FPA, representing not more than 20% of the dollar value of the total inventory of communications materiel. No action should be taken to further exempt property categories from FPA procedures until authorized by Headquarters.

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- e. Based on our visit to [redacted] and to other stations and bases, we are developing proposed revisions [redacted] relating to FPA procedures [redacted]. This work will serve as a basis for clarifying the instructional material by providing more specific provisions in the Handbook as to the methods to be followed in handling various types of transactions and in the preparation of required reports.

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5. General

We wish to express our appreciation to the Station for the cooperation accorded us in accomplishing the purpose of our visit. All personnel contacted by us were most helpful in providing us with necessary information and recommending changes to improve the FPA procedures.

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26 February 1957

MEMORANDUM

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TO : Chief, FE

FROM :

SUBJECT: Financial Property Accounting Procedure

1. Purpose of Visit

As part of the Headquarters program to simplify financial property accounting procedures, visits are being made to each station or base maintaining such procedures for the purpose of studying the procedures and operations in order to identify problem areas and areas in which further simplifications can be made.

2. Background and Purposes of Financial Property Accounting Procedure

Same as Tab A.

3. Headquarters Action to Simplify Procedures

Same as Tab A.

4. Findings and Accomplishments

- a. It was found that the FE Support Base has currently recorded property documents on the financial property accounting (FPA) records and has submitted to Headquarters monthly reports required by the FPA procedures. The Base, however, has not reconciled the Accountable Officer's records representing property on hand with the FPA accounts since 30 June 1956. In this connection the Logistics Office has provided the Finance Office with monthly adding machine listings of the net changes in each material group of property on hand but the Finance Office has not identified the areas of difference between the FPA accounts and such listings in order to provide a basis for initiating joint action to accomplish reconciliation. Also, no work has yet been done at this Base to

reconcile the Accountable Officer's records representing property in use with the FPA accounts since 1 April 1956, the date the FPA procedure was established at the Base. In addition, although ODIBEX billings for the months of July through December 1956 have been certified for payment, the accounts payable for such amounts recorded on FPA records have not been cleared and necessary adjustments have not been made for the differences between the actual billed cost and the value at which such material is carried on FPA records (i.e., fixed unit prices). A similar situation exists with respect to adjusting FPA records for local cash procurements.

- b. The situation described in the foregoing paragraph is attributable in part to the intentional emphasis given by the FE Area Comptroller to providing assistance to the FPA installations at other locations in the area with the view that assistance could be given at a later date to the FE Support Base FPA installation. The FE Area Comptroller discussed this matter with the Base Finance Officer and agreement was reached on a definite program aimed at completing reconciliations and other necessary adjustments. In addition, it is understood that [] will be assigned to assist the Base Finance and Logistics Office personnel in accomplishing reconciliations and other adjustments. [] is expected to return from his present TDY assignment at the [] Base about 15 March.
- c. The writer and [] developed a procedure for clearing Property in Transit accounts for amounts remaining therein at the effective date of their discontinuance as authorized in the revised FPA procedures. Listings of transaction documents for which acknowledgement had not been received were taken to other bases visited to expedite transmission of receipted copies of shipping documents from receiving locations to shipping locations throughout the FE area.
- d. Discussions were held with Base personnel of both the Logistics and the Finance Offices relative to the revised FPA procedures for the purpose of assuring a proper understanding of the simplifications authorized by Headquarters. Based upon visits to this Base and other locations in the area, the writer and [] developed further revisions [] relating to FPA []. Upon return to this Base, a meeting was held to discuss these changes with representatives of the Base Logistics and Finance Offices. At that meeting the revisions in pricing and in the classification of property between expendable and non-expendable, as covered in Supply Catalog Change Bulletin No. 6, effective 1 February 1957, were also discussed. A cable was forwarded to Headquarters recommending the use of local acquisition costs in establishing fixed unit prices on property

acquired locally rather than following the procedure prescribed in Supply Catalog Change Bulletin No. 6.

5. General

The cooperation of the Base personnel in assisting in this mission is appreciated. All personnel contacted were very helpful in providing necessary information and recommending changes to improve the FPA procedures.

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TAB D

VIA AIR

March 4 1957

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TO : Chief, [REDACTED]

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FROM : [REDACTED]

SUBJECT: General - Finance

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Specific - Summary Report of Visit to [REDACTED] Station re
Financial Property Accounting Procedures

1. Purpose of Visit

As part of the Headquarters program to simplify financial property accounting procedures, visits are being made to each station or base maintaining such procedures for the purpose of studying the procedures and operations in order to identify problem areas and areas in which further simplifications can be made.

2. Background and Purposes of Financial Property Accounting Procedure

Same as Tab A.

3. Headquarters Action to Simplify Procedures

Same as Tab A.

4. Findings and Accomplishments

- a. The Station is currently recording property transactions in accordance with prescribed FPA procedures and the required monthly reports are being prepared and transmitted promptly to Headquarters. Personnel responsible for the detailed operations in both the Finance and Logistics Offices have a good understanding of the procedures. We discussed with them the implementation of the simplifications in the FPA procedures authorized by Headquarters (paragraph 3, above). The Station has adopted or is in process of adopting these simplifications.
- b. The Station has directed substantial effort to the requirement that current reconciliations be made of the detailed Stock Record Cards of the Accountable Officer with the financial property accounts maintained by the Finance Officer. A separate memorandum has been prepared (copy attached as Tab A) summarizing our findings and recommendations concerning this subject.

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- c. We reviewed and discussed the FPA procedures with the interested Station personnel. Technical guidance was furnished on a number of questions relating to the prescribed procedures. A list of specific recommendations has been prepared and provided to the Finance Officer (copy attached as Tab B).

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- d. Based upon our visit here and to other FPA locations in the area we are developing proposed revisions [redacted] relating to FPA procedures [redacted]. Copies of this revised [redacted] will be made available to the Station as soon as it is completed.

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5. General

We wish to express our appreciation to the Station for the excellent cooperation accorded us in accomplishing the purpose of our visit. All personnel contacted were most helpful in providing necessary information and contributing to our efforts to improve the FPA procedures.

_____/s/_____
[redacted]

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_____/s/_____
[redacted]

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4 March 1957

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TO : Chief of Station

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FROM : SUBJECT: Reconciliation of FPA Financial Accounts with Stock
Record Cards

1. The Station has experienced difficulty in the reconciliation of the financial accounts with the Stock Record Cards in the initial period of operation of the FPA procedures, which were established as of 1 September 1956. The following table indicates the present status of reconciliation efforts within each family group:

<u>Material Group</u>	<u>Date of Reconciliation</u>	<u>Property on Hand</u>	<u>Property in Use</u>
		<u>Books over Cards</u>	<u>Books over Cards</u>
1	31 Jan. 1957	\$ 505.78	In Balance
2	30 Nov. 1956	1,147.07	\$ 167.17
3	31 Jan. 1957	490.44	16,415.62
4	31 Jan. 1957	10.73	In Balance
5	30 Nov. 1956	49.05	788.56
6	30 Nov. 1956	20.99	In Balance
7	31 Oct. 1956	(\$1,052.98)*	1,707.57

*Represents amount by which Stock Record Cards exceed FPA financial accounts.

2. Extensive effort has been expended in accomplishing the reconciliations of the material groups over the past several months. After comprehensive discussions with Station Logistics and Finance personnel it was concluded that the following action should be taken for the purpose of effecting the required reconciliations:

a. Material Group 1

The Station personnel have made extensive effort to reconcile material group 1. All detailed operations of the Logistics and Finance Offices under the FPA procedures from 1 September 1956 to 31 January 1957 have been completely rechecked and an unreconciled balance of \$505.78 remains. Further reconciliation effort to ascertain the cause of this difference would require repetition of the detailed verifications previously made and many work hours to perform which it is believed would

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be better applied toward reconciling other material groups for which reconciliations have not yet been accomplished. In view of the foregoing it is recommended that as an exception to the procedure set forth in [] authorizing adjustments of unreconciled differences of \$100 or less, the Station record an adjustment in this case of the \$505.78 difference by charge to the prescribed adjustment account.

b. Material Group 2

At this time no effort has been made to reconcile this material group other than to prepare listings of property on hand and in use from the Stock Record Cards and compare these listings with the FPA account balances. Station personnel estimated 160 man hours will be required to check the detailed transactions and effect a reconciliation. It was agreed that reconciliation of this material group should be performed as soon as feasible after the reconciliations of groups recommended in the following subparagraph have been effected.

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c. Material Groups 3, 4, 5 and 6

Under authority [] action will be taken to adjust the unreconciled differences amounting to less than \$100 in material groups 4, 5 and 6. Further effort will be made to reconcile property in use in material group 5 for which it is estimated 80 hours will be required. With respect to material group 3, it is estimated that 16 additional hours will be required to complete reconciliation. Accordingly, it was agreed that first attention will be given to completing the reconciliations of property on hand and in use in group 3 and property in use in group 5. Also, as soon as feasible reconciliations of material groups 5 and 6 should be brought up to a current status.

d. Material Group 7

Extensive effort has been exerted to reconcile this material group; however, the Station Finance and Logistics personnel are of the view that because of the large number of errors identified in the first effort it would be desirable to make a complete reconciliation of group 7 for the period from 1 September 1956 to date. It was agreed that this will be initiated as soon as other action indicated above has been consummated.

3. Following is a summary of the action recommended:

- a. Make the adjustment in material groups 1, 4, 5, and 6 as outlined above.
- b. Give priority to completing reconciliations through current date on Material Groups 5 and 6, and in keeping Material Groups 1, 3, 4, 5 and 6 currently reconciled.

c. Devote all available time to accomplishing reconciliation of Material Groups 2 and 7 in line with par. 2 b and d above.

4. Although the Financial Property Accounting Procedures contemplate that reconciliation adjustments will be limited to \$100 or less, it is recognized that during the initial period of installation and operation that a greater degree of latitude in making adjustments may be warranted provided, the facts in each case indicate that such adjustments would contribute to the effective operation of the system by permitting more efficient utilization of manpower on current work. It is therefore suggested that as soon as the Station completes the steps required by the FPA procedures for the initial reconciliations of each material group, you advise the FE Comptroller in the event differences in excess of \$100 exist. In transmitting such advice please outline the efforts made toward reconciliation, the amount of the unreconciled difference and other pertinent facts. Also, please give your recommendation as to whether additional effort should be expended on the reconciliation or your recommendation to adjust the difference with your reasons therefor. Based upon the facts presented the FE Comptroller at [] will initiate necessary action to authorize adjustments wherever the facts appear to warrant.

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List of Recommendations Made for Implementing
FPA Procedures at

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1. After reviewing the type of transactions processed at the Station it was recommended the 80000 series be used for identifying supply transaction documents to be excluded from the FPA system since this will eliminate the necessity for preparing and processing a substantial quantity of documentation.
2. It was recommended that a careful review of the past month's transactions be made to insure that transactions representing transfers of property between locations operating under the FPA system be properly identified and processed under the FPA system and that future transactions of this type be processed through the FPA system.
3. The Station has adopted the simplified schedule for listing local cash procurements to provide a basis for adjusting the FPA records for the difference between the cost of property and the amount recorded on FPA records. Since this schedule is required for local Station use only it was recommended that the Station discontinue typing this schedule and utilize the original work copy to support the entry on FPA records.
4. It was recommended that non-expendable property in the Housing Officer's warehouse be recorded as property in use and included on the memorandum receipt representing property for which he is responsible in order to eliminate the necessity for recording issues and returns of such property through the FPA system.
5. In order to simplify the detailed operations relating to reconciliations of financial property accounts with the Stock Record Cards, it was recommended that the "net change" method of reconciliation be utilized to the maximum extent feasible.

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VIA: AIR

January 28, 1957

TO : Comptroller

FROM : Chief, Technical Accounting Staff

THRU : Chief, FE [REDACTED]

SUBJECT: General - [REDACTED]

Specific - Study to Determine Feasibility of Implementing FPA Procedures for Logistics, KUCIUB and KURIOT [REDACTED]

ACTION REQUIRED: Advise [REDACTED] Station re recommendations in paragraphs 7 and 8.

1. On 14, 15 and 16 January 1957, visit was made to [REDACTED] Station to explore this subject. Meeting was held with the Chief of Station on 14 January, participated in by writer and the Station Chiefs of Support, Administration and Logistics and the Finance Officer. A subsequent meeting was held with KUCIUB officials, including the Chief, Deputy Chief, Chief Engineer, and Supply Officer, to review on a preliminary basis the problem as it relates to that component; this meeting also was attended by the Station Chief of Administration and the Finance Officer.

2. The Logistics physical inventory was surveyed briefly as well as the stock record cards maintained by the Logistics Supply Officer. While no actual amounts were available to indicate the value of property in inventory or in use at the Station, it was apparent that substantial property is involved. Statistics were obtained relative to the workload which would be required in maintaining supply records at both the Logistics and KUCIUB installations as set forth below:

	<u>LOGISTICS</u>	<u>KUCIUB</u>
a. No. of stock record cards	3,200*	2,000
b. No. of above reflecting unit price	100%	35/50%
c. No. of M/R Accounts	275	62
d. No. of Monthly Transaction Documents	286	75 to 100
e. Average No. line items per document	5 to 6	6
f. No. of Monthly Local Purchase Documents	55	6

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3. Discussions were held with the Station Chief of Administration and with Finance, Logistics and KUCLUB representatives to review the detailed procedures prescribed for FPA and the over-all workload as it would affect the activities of each component.

4. A final meeting was held with KUCLUB officials to ascertain their conclusions concerning the implementation of the procedures. The advantages of FPA are recognized by this group and they favor adoption but can do so only if reduction is not made of the KUCLUB personnel assigned to this Station. The KUCLUB officials indicated that Headquarters has suggested a decrease in the present number of KUCLUB supply positions at this Station but that they had requested that such a reduction not be made because of the workload resulting from certain special project activities. They indicated that the installation could perform the requirements of the FPA procedures if this position is continued, but not otherwise. A separate communication is being forwarded directly to Headquarters in this connection by the Chief, KUCLUB, [REDACTED] 25X1A

5. In discussions relative to the implementation of FPA for the Logistics inventory, it developed that it has been necessary for the present Logistics personnel to work considerable overtime in order to meet present work requirements. The staff of the Supply Officer at present consists of the Supply Officer, three permanent employees, and a temporary typing assistant. The Station Logistics Officer recommends that action not be taken at this time to implement FPA procedures unless at least one additional permanent clerical assistant is provided to alleviate the over-all workload on the staff of the Supply Officer.

6. The affect of FPA on KURIOT inventories also was explored. It was determined that the Logistics Supply Officer is the Accountable Officer for non-expendable KURIOT property controlled at the Station and that non-expendable KURIOT property is issued to KURIOT immediately upon receipt. Further, KURIOT property transferred to [REDACTED] is under the jurisdiction of separate Accountable Officers at these locations so that all shipments to these locations are cleared from supply records maintained at [REDACTED]. A stockpile of KURIOT property, however, has been established at [REDACTED]. Detailed stock record cards have been prepared to reflect the amount of each line item of property held in the stockpile. This material is maintained for emergency purposes. Up to this time, the stockpile has not been activated and, therefore, very few issues have been made. A meeting was held with the Chief, KURIOT, Chief of Administration, and Finance Officer to discuss the implementation of FPA procedures relative to this stockpile. It was the view of the Chief, KURIOT, that FPA should be established for this stockpile whenever appropriate from a Station viewpoint. 25X1A

7. In summation, it is the recommendation of the writer, which is concurred in by the Chief of Station, and the Station Chief of Support, Chief of Administration and Finance Officer, and Chief, KUCLUB, that:

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a. FPA procedures be established as soon as feasible over Station Logistics and KUCLUB inventories and over the KURIOT stockpile.

b. The initial installation cover only the KUCLUB inventory, subject to the concurrence of Headquarters KUCLUB. Since this represents approximately one-third of the total workload which would be involved with full implementation of FPA at the Station, it is believed that this represents a practical approach to obviate the possibility of over-extension of Station capabilities pending actual operating experience.

c. After the KUCLUB installation has been in effect for three or four months, the Station review the operation to determine the Station's capability from a workload standpoint for further implementation with respect to the Logistics and KURIOT inventories, and advise Headquarters concerning its conclusions. This period of experience in operating the procedure for the KUCLUB inventory will provide the Station with information as to the workload and familiarity with the problems.

8. It is my recommendation that you discuss this over-all problem with SE, KUCLUB, Logistics and KURIOT representatives and that if determined appropriate, especially from a KUCLUB viewpoint in the light of the foregoing, a dispatch be transmitted to the Chief of Station and Chief, KUCLUB, at [] directing adoption of the plan of action set forth in paragraph 7 above.

9. The Chief of Station expressed the view in our final meeting that even if full implementation of FPA at the Station were to result in one additional person (either by actual T/O increase or by a contract employee) being required at the Station Logistics Office, this would not be a serious matter to the Station. Accordingly, in the light of paragraph 4 above, and in the event the authorization of KUCLUB is not forthcoming to continue the present staffing at its [] installation to permit implementation of the recommendations set forth in paragraph 7, my alternative recommendation is to request the Station initially to establish FPA with respect to the Logistics inventory, with extension at a later date to cover KUCLUB and KURIOT.

10. Upon authorization to implement the FPA procedures, several copies of [], as revised, should be provided to the Station.

Distribution:

3 Addressee
1 C/S, []
1 Chief, SE
1 C/KUCLUB
1 D/Logistics
1 C/KURIOT

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MEMORANDUM

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TO : Chief []
Chief, []

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FROM : []

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SUBJECT: Report on Review at [] Headquarters
to Determine Feasibility of Establishing Financial Property
Accounting.

1. Purpose of Visit

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To determine feasibility of establishing financial property accounting (FPA) over KUBARK owned and controlled property under the jurisdiction of the [] headquarters, giving consideration to such factors as the aggregate value of such property, the amount of work involved in maintaining FPA, and the man power requirements of the affected components to operate the FPA procedures.

2. Background and Purposes of Financial Property Accounting Procedures

Same as Tab A.

3. Findings

a. Property Value

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(1) Non-expendable property under the jurisdiction of the [] Station [] is summarized on Tab A (attached) based upon discussions with Station and [] officials and their estimates of the values of property at each location.

(2) Expendable property at the [] Station represents a small shelf stock of office supplies which has very small aggregate value. Expendable property at [] Base consists of building materials, repair parts and supplies, all such property in excess of "shelf stocks" and maintenance requirements has been, or is being, disposed of by return to the []

[] warehouse consists primarily of low value parts and supplies

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used for maintenance of KUCLUB equipment through the [] area, having an estimated value of \$20,000.; this property includes such items as tubes, resistors, capacitors, etc. which are not at this time recorded on stock record cards, maintained by the Accountable Officer.

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b. Work-load and Personnel Requirements

(1) Estimates were obtained relative to the work load which would be required in maintaining FPA records at both the Station and the [] installations.

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(2) The work load impact on personnel maintaining the property records at the [] and [] should not be substantial in view of the relatively few transactions and stock record cards involved, although considerable time may be required initially to install the system and effect periodic reconciliations of stock record cards with the FPA records.

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(3) The additional work which would be required in maintaining financial property accounting would consist primarily of (1) coding and pricing of material acquisition, issue and adjustment documents (2) the posting of such documents to the financial records, and (3) the reconciliation work required to keep the material and financial records in balance. The additional work would fall primarily upon the KUCLUB supply staff, which at present consists of 2 people, (the accountable officer, [], a contract employee) and the Finance staff of the [] Station which presently consists of 3 people (the Finance Officer, and a Finance Assistant, at [] and a Finance Assistant, [])

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(4) It is believed that such additional work as is required by FPA could be absorbed by the present Finance and KUCLUB staffs if they were to remain in place. But as a matter of fact, [] of the KUCLUB staff is leaving in April 1957 and Headquarters has not as yet designated or advised the ETA of a replacement, and [] the Finance Assistant at [] is leaving in May 1957 and Headquarters has advised that no replacement will be provided. On the basis of our review it is our opinion that, although the detailed work relating to the maintenance of the FPA procedures by both the KUCLUB supply staff and the Station Finance staff would require considerably less than the full time of one employee, these staffs would not have the time to fulfill the requirements of FPA work and at the same time absorb the additional work load occasioned by the departure of the 2 above named employees.

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4. Conclusions

a. The volume and value of KUCLUB property is such as to warrant the

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establishment and operation of financial property accounting for the non-expendable property under the cognizance of the KUCLUB accountable officer.

- b. The adoption of FPA should be deferred until the necessary supply and finance assistants are replaced.
- c. The non-expendable property of the [] Station (excluding [] should be brought under FPA after 2 or 3 months of successful operation of the system covering the KUCLUB property. 25X1A
- d. Since the future retention of [] appears to be uncertain at this time the inclusion of property at that location under the FPA system is contingent upon the future status of that installation. If the property at that location is to remain there indefinitely it should be brought under FPA after the procedure has been implemented and is operating satisfactorily for KUCLUB and [] Station non-expendable property. 25X1A
- e. All expendable property in KUCLUB stocks at [] should be considered initially as "In Use Shelf Stocks" and not subjected to financial property accounting. KUCLUB and other interested components at Headquarters should study the procedures relating to the record keeping, control, and replenishment of such "Shelf Stocks" with a view of simplification of the record keeping and control requirements on certain categories of small volume, low unit cost expendable material. 25X1A
- f. Headquarters should adapt the FPA procedures to provide a simplified method of documentation for supply transactions subject to FPA at small installations operating under detached station supply procedures.

5. General

We wish to express our appreciation to the Station and [] personnel for the excellent cooperation accorded us in accomplishing the purpose of our visit. All personnel contacted were most helpful in providing necessary information and assisting us in our review. 25X1A

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of documentation to be used in recording property transactions in the "detached station" records and the financial accounts under the FPA system. In either event, based upon a review of the property records at the Station, it was apparent that such records are not at present adequate to serve as a basis for maintaining the FPA system and that considerable work will be required, as indicated below, to place them in appropriate condition for this purpose:

- (a) Nonexpendable property shown in 1.a.(1) and 1.a.(2)(a) through (d) above has recently been recorded on new stock record cards; however, these cards show only the quantity of each line item without distinguishing between property on hand and property in use. The prior stock record cards maintained indicated the property quantities both on hand and in use at various locations within the station.
- (b) TSS photographic property indicated in 1.a.(2)(f) and 1.a.(2)(h) above was not recorded on any stock records.
- (c) TSS audio type property indicated in 1.a.(2)(g) and (1) above has recently been recorded on unprinted 5" x 8" cards; however, the card format used was not well adapted for showing changes in quantities or distinguishing the quantities of each line item on hand and in use.
- (d) Miscellaneous expendable property on hand indicated in 1.a.(2)(i) above is recorded on stock record cards to which are posted all receipts and issues; no separate shelf stock is maintained for current day-to-day use.
- (e) Medical property indicated in 1.a.(2)(e) and (j) above is recorded on detail cards maintained by the Medical Office technician. Receipts and issues of both non-expendable and expendable medical property are posted to these records. No separate shelf stock is maintained for current day-to-day use.

c. Recommendations

Based upon the foregoing, it is recommended that:

- (1) Headquarters designate an accountable officer for all property at

Station to establish property records as prescribed for accountable officers.

- (2) Financial property accounting be implemented over property of the Station as soon as practicable after adequate property records have been established.

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VIA AIR

DISPATCH NO.

25X1A

13 March 1957

25X1A

TO : Chief of Station

FROM : Chief, SE Division

SUBJECT: General - Administrative

Specific - Implementation of FPA Procedures
for the KUCLUB Inventory

25X1A

REF : dated 5 February 1957

1. Consistent with paragraph 7 of reference, headquarters recommends implementation of FPA procedures for the subject inventory effective 1 May 1957.

2. All stock record cards should be priced to reflect the unit cost of each line item. The monetary value of the materiel reflected on each stock record card should be extended prior to the date of implementation of the procedure. If feasible, physical inventories of all materiel on hand and in use should be taken and the balances reflected on the stock record cards adjusted to agree with the physical count.

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3. Shipments from headquarters to have been charged to a special cost symbol (7900-50-232) at the time of shipment. Property issued by is costed to the user based on monthly Issue Reports. Headquarters will adjust the balance in the special cost symbol (7900-50-232) as of the effective date of implementation of FPA.

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4. The KUCLUB Accountable Officer will submit Issue Reports on all issues of property through 30 April 1957.

5. All shipments received from headquarters by the KUCLUB Accountable Officer subsequent to 30 April 1957 will be processed as a receipt in accordance with FPA procedures.

/Forwarded under separate

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6. Forwarded under separate cover is a supply of [redacted]
Financial Accounting Procedures for Property, and the required forms
and binders necessary to implement the procedure.

/s/

25X1A

C/SE
(Releasing Officer)

OL
(Coordinating Officers)

COMMO
Deputy Comptroller
Authenticating Officer

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not relax from what would be considered normal sound administrative practices. In this regard, I should like to call attention to the "Seventeenth Intermediate Report of the Committee on Government Operations" concerning the organization and administration of the General Accounting Office which includes the recommendation, "Major attention be devoted to effecting improvements in accounting systems of executive agencies through both the accounting systems work of the General Accounting Office and the accounting systems programs of the executive agencies to bring accounting systems of executive agencies up at least to the minimum levels of accuracy and adequacy that will make possible the unqualified certification of financial statements of such agencies in the opinions of the General Accounting Office auditors as expressed in the offices Audit reports."

5. The Office of the Comptroller believes that it is essential that we advise the Station to place these procedures into effect. We also agree that it is necessary for us to install minimum requirements and simplify such requirements as much as possible. 25X1A

6. After you have reviewed this memorandum and attachment, we would appreciate the opportunity to discuss the matter further with you and the SSA-DD/S.



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~~Attaching Comptroller~~

Attachment

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